

ORIGINAL

MEMORANDUM  
RECEIVED



0000137681

2012 JUL -2 P 3: 36

TO: Docket Control Center

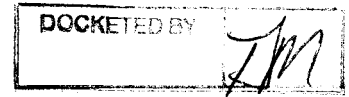
FROM: Steven M. Olea  
Director  
Utilities Division

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission  
**DOCKETED**

JUL 02 2012

DATE: July 2, 2012



RE: RED ROCK UTILITIES, L.L.C. DOCKET NO ~~WS~~04245A-04-0184

In Decision No. 67409, dated November 2, 2004, the Arizona Corporation Commission ("Commission") approved the application of Red Rock Utilities, L.L.C. ("Red Rock" or "Company") for a Certificate of Convenience and Necessity ("CC&N") to provide water and wastewater service in Pinal County. As part of Decision No. 67409, the Commission ordered that:

"...Red Rock Utilities L.L.C. shall file a rate application for its water and wastewater systems no later than three months following the fifth anniversary of this Decision"

Based on the November 2, 2004 date of Decision No. 67409, the Commission imposed due date for the above compliance item was therefore February 2, 2010.

On December 28, 2009, Red Rock filed for an extension of time until August 3, 2012 for the presentation of the required rate application(s). Staff docketed its response in a February 5, 2010 memorandum and did not object to Red Rock's request for extension. On March 17, 2010, the Commission issued Decision No. 71499 in which the Company was granted an extension of time for the provision of the rate case(s) until August 3, 2012.

On June 26, 2012, Red Rock filed a "Motion for Further Extension of Compliance Filing Date Deadline" which seeks an additional two year extension of time from August 3, 2012 until August 3, 2014. In the application, Red Rock states that "despite the passage of several years, the effects of the 2008 financial crisis and subsequent recession continue to heavily burden the real estate development and homebuilding industry in southern Arizona". Further, the Company suggests that a current rate filing would warrant a very significant rate increase for an area that is known as a "starter" community and this could impair the ability of families to purchase a "first" home in the area.

As such, the Company concluded the following regarding the pending Decision No. 71499 requirement to file the rate case by August 3, 2012:

"As a consequence of the foregoing, the owners of Red Rock have concluded that filing a rate increase request at this time would not be in the best interest of (i) ratepayers who currently reside in Red Rock Village, (ii) the near-term future of the Red Rock Village community as it endeavors to attract additional families, and (iii) the long-term interests of Red Rock itself."

Based on all of the above, Staff does not object to Red Rock's request for a further extension of time for the filing of the required rate case application(s). The general development slowdown and recession combined with the associated slow customer growth provide an ongoing rationale why the execution of a current rate case filing(s) may not be optimal at this time. Staff therefore recommends that the Commission extend the pending August 3, 2012 rate case deadline for the Pinal county water and wastewater systems until August 3, 2014.

SMO: BKB:kdh

Originator: Brian K. Bozzo

SERVICE LIST FOR: RED ROCK UTILITIES, L.L.C.  
DOCKET NO.: W-04245A-04-0184

Mr. Lawrence V. Robertson, Jr.  
Attorney At Law  
Post Office Box 1448  
Tubac, Arizona 85646  
Attorney for Red Rock Utilities, L.L.C.

Mr. Mark Weinberg  
2200 East River Road, Suite 115  
Tucson, Arizona 85718